

Issues of Merit

A Publication of the Office of Policy and Evaluation, U.S. Merit Systems Protection Board

February 2001—Special Issue

Director's Perspective

Welcome to Our Special Issues of Merit

The start of a new presidential administration, a new Congress, and (officially) a new century is an auspicious time to reflect on issues that will continue to be critical to the way the government hires, fires, and manages its most important asset—federal workers. To do that, we're presenting in this special issue excerpts from—and updates of—previous *Issues of Merit* articles that best capture some of the significant human resources topics that the Board has examined during the past five years.

The issues addressed in these excerpts are by no means the only ones we consider important. They are, however, ones whose significance has been brought home to us time and again as we have examined the government's approach to workforce management. The problems the government faces with respect to human resources are not easy to solve—and examining their complexities and the underlying causes should not be one-time events. That is why the Board continues to monitor the health of the civil service and why we periodically revisit important issues.

It's likely that federal leaders will address a number of federal workforce issues this year and that 2001 will be marked by increased activity aimed at improving the government's approach to human resources management—or “human capital.” On January 17, for example, the General Accounting Office—for the first time ever—placed human capital on its “high risk” list reserved for government programs deemed by GAO to be particularly vulnerable to problems. In addition, the new administration and the 107th Congress are likely to be bombarded with recommendations from many

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Using What We've Got

(Excerpted from *Issues of Merit*, July 1998)

Legislation authorizing complete new human resources systems for FAA and IRS, and DOD's announced intention to introduce legislation to create new flexibilities in its own personnel system have made many federal managers think that only exemption from existing laws and regulations will solve their human resources management problems. Yet, when MSPB surveys have asked managers what their human resources concerns are, we have found that many of them can be dealt with using flexibilities that already exist in the current system.

To assist in identifying the flexibilities available, OPM has published its “Template of Personnel Flexibilities,” which discusses the options within the existing human resources system for meeting managers' special needs. For example, agencies are permitted (without consulting with OPM) to decide which positions qualify for payment of a new appointee's travel expenses to the first post of duty. Agencies can also decide—on their own—which interviewees are eligible for

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OPE Focus on the Facts

Belief:

“Big government” has gotten bigger over the years: as the U.S. population has grown, the number of federal workers employed to serve the people's needs has grown even more. This is one reason for the current emphasis on downsizing.

Fact:

The number of federal employees has decreased as the population has increased. In FY 1970 there were 14.4 federal workers per 1,000 people; in FY 1995 there were 10.9 federal employees per 1,000 people, and in FY 1999 the number of federal workers per 1000 people had dropped to 9.9.

Source: Budget of the United States, 2001.

(Updated from “OPE Focus on the Facts,” *Issues of Merit*, December 1996)

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Director's Perspective

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sources for civil service changes ranging from small improvements to major reform.

The concerns that gave rise to the increased attention focused on federal human resources management did not, of course, spring up overnight. Some of those concerns date back to the last "reform" of civil service in 1978 or even earlier. The U.S. Merit Systems Protection Board, created in 1978 as part of that reform, has continued to conduct

objective, nonpartisan studies of the federal civil service as an important component of its basic mission. In the process, we've developed a consistent body of research and independent recommendations based on the data we have gathered, and formulated within the framework of the statutory merit system principles.

The messages conveyed by the articles we present here reflect that research and those recommendations. The articles have been condensed because of space considerations, but

you can read the full text on the Board's website at www.mspb.gov, under "Studies." Or you can check page 6 for information on how to get copies of our newsletters and reports. In the meantime, we invite you to consider the ideas we present here and to send your thoughts or suggestions about them to us at the postal or electronic addresses listed on the back.

John M. Palguta
Director, Policy and Evaluation

Using What We've Got

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payment of pre-employment interview expenses. An agency can arrange for a temp from a commercial temporary service agency when circumstances such as family responsibilities, illness, or jury duty keep a regular employee away from the job.

Update: "Human Resources Flexibilities in the Federal Government" is available on OPM's website at www.opm.gov/demos/index.htm. It is an excellent source for non-legislative solutions to HR problems that managers are facing.

Continued Attention Needed to Protect Merit Principles

(Excerpted from *Issues of Merit*, December 1996.)

Although most federal employees continue to believe that they have adequate protections against prohibited personnel practices such as nepotism, job discrimination, and reprisal for whistleblowing, a sizable minority of federal workers disagrees. The results of the Board's [1996] survey of federal employees

reveals that of the nearly 80 percent of respondents who expressed an opinion, 27 percent believe there is only minimal protection of their right to work in an environment free from prohibited personnel practices, and another 14 percent believe they have no protection from these types of abuses. Some 60 percent of this group believe that they are adequately protected.

Of those 1996 survey respondents who expressed an opinion, the primary problem they perceive involves competing for jobs and promotions. Almost one in five of these employees (18 percent) believe they were deliberately misled by an agency official about their right to compete for a job or promotion. Even more employees, (25 percent) said they were denied a job or promotion because a selecting official gave an unfair advantage to another applicant. Considerably fewer employees (5 percent) indicated they were influenced by an agency official to withdraw from competition for a federal job or promotion in order to help another person's chances. Similarly, 5 percent of our respondents said they were denied a job or promotion which went instead to a relative of one of the selecting or recommending officials.

Update: Based on the results of our latest merit principles survey, there is still reason to be vigilant

about protecting the merit principles. When we asked federal employees some of the same questions in 2000 that we had asked in 1996, the responses were similar. Some 14 percent of the employees said they were misled by an agency official about their right to compete for a job; about 22 percent expressed the belief that they were denied a job because a selecting official gave another applicant an unfair advantage; 4 percent said they were influenced to withdraw from competition in order to help another person's chances; and 4 percent indicated that they were denied a job that went instead to a relative of a selecting or recommending official.

Employee Selection Methods Need to be Better

(Excerpted from *Issues of Merit*, December 1999)

When OPM dropped the Professional and Administrative Careers Examination (PACE) in 1984, the government had to find other ways to evaluate applicants for its entry-level professional and administrative jobs. According

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to research conducted by MSPB, what agencies primarily have relied upon to identify the best candidates for these types of positions are ratings of applicants' training and experience. In addition, many individuals have been hired on the basis of their college grade point average (GPA) under the "Outstanding Scholar" provision of the consent decree that led to the abolishment of the PACE. Agencies often augment these two methods of rating applicants with unstructured interviews of the best qualified candidates by the selecting official. While managers seem to be satisfied with this approach, research on the use of various selection procedures has consistently shown that the methods the government frequently uses are among the worst available when it comes to identifying the best candidates for entry-level professional and administrative jobs.

Statistical methods make it possible to quantify how much of job performance is predicted by a given selection procedure. [Researchers] report that only about 4 percent of job performance can be predicted from the kind of training and experience ratings typically used by the federal government, and a person's GPA predicts less than 4 percent.

By contrast, using the best selection procedures can result in the ability to predict more than 40 percent of job performance. In other words, use of the best selection procedures could lead to a 10-fold improvement in the government's ability to select among applicants. What are the best predictors of job performance? Unfortunately, they are the very procedures that many agencies have abandoned because they were seen as too costly and time-consuming. For example, some of the best predictors of performance are tests of cognitive ability. Also high in predictive utility are observations of actual performance such as those used in the Cooperative Education Program and in

structured interviews. Both of these methods require a significant investment of time and/or money.

A review of workforce statistics reveals that, once hired, very few federal employees are fired and, if they stay beyond the first couple of years, relatively few choose to leave the government. Because the employees the government hires today are likely to be around for a long time, it's important to do a good job of hiring the right ones to fill entry-level professional and administrative vacancies. These people, after all, are the leaders of tomorrow's career civil service. In [making selections] the maxim "you get what you pay for" applies: the greater cost and time involved in developing and using better selection procedures will be offset many times over by the improvement in the quality of the workforce.

Update: Supervisors continue to use selection methods that aren't the best predictors of job performance. According to results from the Merit Principles 2000 Survey, 85 percent of selecting officials rely to a moderate or great extent on the information in the job application when making hiring decisions. Some 73 percent of supervisors rarely or never use written test scores.

Handling Poor Performers: Should Federal Supervisors Get Tougher or Smarter?

(Excerpted from *Issues of Merit*, December 1999)

Are federal supervisors doing enough to deal with employees whose job performance is inadequate? The good news is that only a very small percentage of federal employees fall into the poor performer category. The bad news is that federal employees and managers overwhelmingly believe that not

enough is being done to improve—or remove—that small percentage. A popular reaction to this perennial issue is to call for "tougher" managers who are not afraid to fire people. The Merit Systems Protection Board's research, however, finds that this purported solution is much too simplistic.

In a report of an innovative study, the U.S. Office of Personnel Management found that over 96 percent of all federal employees were in the "okay" to "good" range. Nevertheless, when the National Partnership for Reinventing Government asked in a governmentwide federal employee survey whether "corrective actions are taken when employees do not meet performance standards," only a little more than one out of every four employees (28 percent) agreed they are. Those findings are consistent with MSPB's own studies over the years, including the conclusions reached in the Board's July 1999 report, "Federal Supervisors and Poor Performers." As the Board noted in this report, "...a consensus has formed over time on two issues. One, even a relatively small percentage of poor performers can have a disproportionately large and negative effect on an organization. Secondly, federal departments and agencies do not do a good enough job of confronting and resolving individual instances of poor performance."

MSPB's report also notes that the poor performance issue needs to be addressed within a larger context that takes into account a number of elements including the organizational culture, degree of top management support, employee selection methods, and the requirements of each agency's performance management system. Three important points underlie MSPB's finding that simply exhorting supervisors to "get tougher" is not a very effective strategy:

1. The goal of good performance management is the effective accomplishment of the organiza-

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tion's goals and objectives. A supervisor who is very effective at removing employees can nevertheless be ineffective at selecting good employees in the first place or at motivating superior performance from that majority of employees who are capable of doing good work.

2. A manager intent on firing a problem employee can do so under the existing laws, rules, and regulations. Although under the law it's intentionally not easy to do so, over 10,000 federal employees are involuntarily separated each year (not counting those removed through reduction-in-force procedures).

3. There is ample evidence to suggest that, overall, the federal government is not doing a good enough job of ensuring that supervisors have the skills, tools, and aptitude for the human relations aspects of supervisory work. There may be much to be gained by reexamining the process used to select and develop supervisors to ensure that they: a) are able to make good employee selections in the first place; b) can develop, communicate with, and motivate their employees; and c) are able and willing to deal constructively with performance and conduct problems. This includes a willingness to separate a poor performer when all else fails.

In short, when examining the place of supervisors in the poor performers equation, it's clear that the government and the public are better served by an emphasis on selecting and developing supervisors with a full range of people skills.

Update: The percentage of the workforce perceived as unsatisfactory remains small. According to results of MSPB's Merit Principles Survey 2000, federal workers believe that only 3.9 percent of their fellow employees are performing so poorly that they deserve to be fired. At the same time, however, the results of the 2000 survey of the

National Partnership for Reinventing Government, indicate that only 25 percent of the participants responded favorably when asked if corrective actions are taken when employees do not meet performance standards.

Public Service Values

(Excerpted from *Issues of Merit*, October 1998)

Prompted by the increasing public focus on employee values and ethics, we recently reexamined MSPB survey data to see how federal employees characterize their own public service values. The Board's 1996 merit principles survey included several items that focused on values and motivation of career civil servants, and the survey results provide some data that suggest a healthy public service orientation among federal workers.

For example, a large majority—some 86 percent of respondents—agreed that meaningful public service is important to them. The responses of most of the survey participants seemed to convey a sense that federal workers view themselves as contributors to a common good. Some 68 percent of those responding agreed that daily events remind them of how dependent we are on one another; 80 percent said they would go to bat for the rights of others, even if such an action brought ridicule upon them. And nearly half of the survey respondents indicated that making a difference in society is more important to them than personal achievements. [The survey results also showed] that the employees who responded to these survey items were not overwhelmingly interested in personally creating public policy: some 40 percent agreed that public policy making held little appeal for them.

Update: The Board's Merit Principles Survey 2000 in-

cluded a question on what factors motivate employees to do a good job. By far, personal pride or satisfaction in one's work ranked the highest, with 80 percent of the survey respondents identifying that factor as a motivator. Personal desire to make a contribution ranked second, cited by 54 percent of respondents.

A 19th Century Relic: the Rule of Three

(Excerpted from *Issues of Merit*, June 1999)

While most people in the federal personnel business know about the law called the "Rule of Three," few are aware of the Rule's origins and why it no longer serves the purpose for which it was created.

The Rule of Three requires selecting officials, when hiring employees into competitive service jobs, to choose from among "the highest three eligibles available on the certificate . . ." (5 U.S.C. §3318). Most people assume—incorrectly—that the rule came into being in conjunction with the granting of veterans preference selection rights, and that the Rule is somehow related to the first merit system principle, which calls for selections to be determined "on the basis of relative ability, knowledge and skills, after fair and open competition."

In reality, the Rule was adopted more than sixty years before the Veterans Preference Act of 1944, and it was adopted for a reason unrelated to ensuring that people are hired based on their merits.

The Rule was originally put into place to preclude the Civil Service Commission from dictating who should be hired. Prior to the Civil Service Act of 1883, there had been several unsuccessful attempts to legislatively end the spoils system.

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In analyzing one of those efforts, an Attorney General's Opinion in 1871 declared that it would be unconstitutional for an independent commission to require the President or a department head to hire a particular applicant. The Attorney General's Opinion said that appointing officials had to be given some choice in order to avoid any improper infringement on their constitutionally-provided appointment powers. Because of that opinion the original Civil Service Commission adopted a Rule of Four requiring selection from among the top four available candidates; the requirement was subsequently modified to a Rule of Three.

The Rule still exists today despite the fact that it has outlived its original purpose. In 1999 there is no longer a question about whether appointing officials have the authority to make selections. Appointing officials exercise judgment and decide for themselves who, among the top candidates referred, will be appointed.

The assessments and referrals that take place today are handled in large part by agencies' delegated examining units (DEUs). How these DEUs operate in the government's current downsized and decentralized environment is the subject of a soon-to-be-released MSPB report. In the report, the Board repeats its calls for elimination of the Rule of Three, which earlier was addressed in our reports "The Rule of Three in Federal Hiring: Boon or Bane?" (December 1995) and "Entering Professional Positions in the Federal Government" (March 1994).

The Board's earlier studies found that the preference in employment that the law gives to veterans can be provided without the limitations of a Rule of Three. The Board's study of DEUs has found that agency personnel and management officials believe the Rule of Three has a negative impact on the ability of agencies to

hire competent candidates from outside Government. Moreover, it is generally accepted that neither of the assessment techniques most commonly used by DEUs—training and experience ratings and written tests—are actually capable of making fine enough distinctions among a large group of well qualified applicants to justify limiting selecting officials to the top three available candidates. Thus, in addition to having outlived its usefulness, the Rule of Three may well be preventing—rather than assuring—consideration of the best available candidates.

Update: The report, "The Role of Delegated Examining Units: A Report on Hiring New employees in a Decentralized Civil Service," was published in August 1999. Application of the Rule of Three remains a requirement in federal hiring except in a few organizations—such as the Agricultural Research Service—where, as a result of the permanent application of successful demonstration projects, the use of quality groupings has replaced numerical ratings and the Rule of Three with no negative effect on the hiring of veterans.

Minority-Nonminority Perception Gap

(Excerpted from *Issues of Merit*, April 1996)

For some time, in a variety of forums, MSPB's Office of Policy and Evaluation has been sharing research findings about its examination of the employment status of minority employees in the federal government. Those findings reveal striking differences in the beliefs minority and non-minority employees hold concerning the extent of progress minorities have made [and] how fairly minority employees are treated.

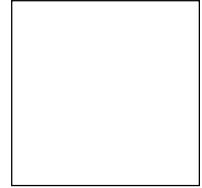
For example, responses to a survey conducted as part of [an

MSPB] study indicate that while few nonminority employees believe that minority employees are subjected to flagrant discrimination, most minorities believe just the opposite. Similarly, only 32 percent of African Americans said that management would take forceful action to stop flagrant discrimination against them, while 64 percent of Whites thought that management would take such action.

In addition to looking at discrimination against minorities, the study examined employee perceptions of the progress made by minorities. Here, too, perceptions differed. According to survey results, 26 to 38 percent of the members of each minority group believed that their own group had made at least some, if not considerable, progress in moving into top level jobs. However, nonminorities evaluated the progress of each minority group except Native Americans more favorably than members of the groups themselves did.

Perceptions are important because of their impact on motivation and morale. Negative perceptions are bound to have an adverse impact on collegiality and teamwork at a time when [federal employees need] to learn to work in new, more productive ways. Employees who believe they have been treated unfairly are unlikely to make extra efforts to cooperate with their coworkers and supervisors. Thus, the government as an employer—and therefore the taxpaying public—pay a price for the gap in employee perceptions.

Update: The perception gap remains a problem. According to data from the Board's Merit Principles Survey 2000—which are nearly identical to data from the 1996 survey—workers in each racial/national origin group believe that members of their own group are much more likely than members of other groups to be subjected to flagrant and obviously discriminatory practices.



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Selected Current Projects

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"Issues of Merit" provides findings and recommendations drawn from MSPB research on topics and issues relevant to the effective operation of the federal merit systems and the significant actions of the Office of Personnel Management.